

**BEFORE THE INSURANCE COMMISSIONER  
OF THE STATE OF WASHINGTON**

In the Matter of the Application for Conversion  
of Premera Blue Cross,

Involved Carrier,

United Way of Anchorage; John Garner; and  
Anchorage Neighborhood Health Center

Applicants for Intervention.

Docket No. G02-45

**MOTION TO INTERVENE**

The above-named applicants (Applicant-Intervenors) move to intervene in this action as interested parties under RCW 48.31C.030(4), 48.04.0101(1)(a), (b) and WAC 284-02-070(2)(b)(i), to protect their and the public's interest in the proposed Premera Blue Cross conversion (Premera) from a non-profit to a for-profit organization. The Applicant-Intervenors' significant interest in the outcome of the proceeding is outlined below.

**I. BACKGROUND**

On or about September 17 and 27, 2002, Premera submitted its formal proposal to convert to for-profit status to the Washington State Office of the Insurance Commissioner (OIC). The Applicant-Intervenors have not been provided with copies of the complete filing due to Premera's claims regarding confidentiality. Based upon the Applicant-Intervenors' initial review of the documents that have been made public, there is insufficient information to demonstrate that the proposed conversion is in the public's interest. Moreover, the Applicant-Intervenors are concerned that, as a for-profit, Premera may take action that will impair access to health care and health care coverage.

The Applicant-Intervenors are also concerned with whether and how Premera might control the resulting foundation shareholder and how this extended control might affect the value of the charitable assets to be used for healthcare initiatives.

While OIC is obligated to protect the interests of the citizens of Washington, it has no such duty to the citizens of Alaska. Premera, which operates as Premera Blue Cross/Blue Shield of Alaska, is Alaska's largest health insurer. The citizens of Alaska, therefore, have a vested interest in the proposed conversion and should be represented in this administrative proceeding. The Applicant-Intervenors named herein represent that interest.

The Applicant-Intervenors, therefore, seek leave to intervene to address issues of concern relating to the proposed conversion. They are parties who, pursuant to applicable Washington statutes and regulations, have a "significant interest" in the proceedings and who, therefore, are entitled to intervene.

## **II. IDENTITY OF THE INTERVENORS**

Under 48.31C.030(4), a party who has a "significant interest" in the administrative hearing may be permitted to intervene.<sup>1</sup> As detailed below, each of the applicants to intervene will be affected by the outcome of this administrative process.

1. **United Way of Anchorage.** United Way of Anchorage began as the United Good Neighbor Fund in 1956 for the purpose of raising funds for specific non-profit organizations through a yearly fundraising campaign. United Way of Anchorage works with 50 partner agencies in the United Way of Anchorage Network of Care to strengthen and fund programs that, among other things, promote wellness, self-sufficiency, and support health initiatives on behalf of citizens of Anchorage, Alaska. Among the partner agencies associated with United Way of Anchorage are the American Cancer Society; American Diabetes

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<sup>1</sup> A Declaration of Significant Interest for each applicant will be submitted at a later date.

Association, Alaska Area; American Heart Association, Northwest Affiliate, Alaska Region; American Lung Association of Alaska; American Red Cross, South Central Alaska Chapter; Center for Drug Problems; Crisis Pregnancy Center; and Hospice of Anchorage. United Way of Anchorage has a continuing and ongoing interest in supporting and fostering health care initiatives in Alaska and has a substantial interest in the outcome of the conversion proposal set forth by Premera.

2. **John Garner**, by and through his legal guardian, Barbara Garner. Mr. Garner is a thirty-seven year old individual who suffers from a number of severe developmental abnormalities, and has the functional age of a two year old child. These multiple disabilities render Mr. Garner unable to speak, care for himself or perform the basic activities of daily life. These disabilities also render him unable to communicate or express pain. As a result of these disabilities, Mr. Garner requires constant health care. Mr. Garner, through his mother and legal guardian, Barbara Garner, was a Blue Cross insured from approximately 1966 to 1990. Mr. Garner has a significant interest in how this proposed conversion will impact his ability to obtain quality health care. Mr. Garner also has a significant interest in how the charitable assets will be used to address healthcare issues in Alaska because he likely will benefit from the creation of a healthcare foundation that is dedicated to meeting the healthcare needs of people who, like him, are severely disabled and who do not have all their healthcare needs met.

3. **Anchorage Neighborhood Health Center.** Anchorage Neighborhood Health Center (ANHC) provides quality healthcare services to individuals with Medicaid, Medicare, and public and private insurance and to uninsured individuals. ANHC has a significant interest because it is one of few healthcare providers in Alaska that serves a diverse population of insured, under-insured and uninsured Alaskans, including a large number of Alaskans living

under the poverty line. ANHC has an interest in how the charitable assets will be used as ANHC and the community it serves likely will benefit from the creation of a healthcare foundation that is dedicated to meeting the healthcare needs of the underserved and uninsured.

**III. THE APPLICANT-INTERVENORS MOVE TO INTERVENE AS INTERESTED PARTIES UNDER RCW 48.31C.030(4); 48.04.0101(1)(a); (b); WAC 284-02-070(1)(a)**

The applicant-intervenors request the following relief:

1. That they be permitted, pursuant to the Case Management Order entered in this matter, to fully participate in the administrative hearing to be scheduled concerning the proposed conversion.
2. That they be permitted to present evidence and be heard regarding, inter alia, the following issues:
  - A. The fair market value of Premera's assets, including goodwill, trademark, subscriber lists, and other intangible and tangible assets, which are to be provided to the foundation shareholder via transfer of 100% of the initial stock and the for-profit Premera corporation (New Premera).
  - B. Any proposed private inurement by corporate officers through the use of excessive severance and retirement packages, employment bonuses, and/or future stock options.
  - C. Any conditions, limitations, or other requirements that should be imposed by OIC for the conversion to be approved, to ensure that the full value of Premera's assets is eventually transferred to the Alaska and Washington charitable organizations.
  - D. The creation, structure and governance of the Foundation Shareholder as well as new to-be established charitable organization in Alaska, including provisions designed to

ensure the independence of these organizations and to prevent undue restrictions or interference in their activities by Premera.

E. Any conditions, restrictions, or requirements necessary to ensure a fair and equitable allocation of assets between the proposed Alaska and Washington charitable organizations.

F. The impact of the proposed conversion on Alaska enrollees, subscribers, contract holders and policyholders of Premera.

G. The impact of the proposed conversion on Alaska's insurance-buying public.

H. The impact of the proposed conversion on the Alaskan public health system and the health care safety net for uninsured or under-insured individuals.

I. The impact on Alaskans of a future sale of New Premera.

The Applicant-Intervenors believe that the issues outlined above require a thorough and fair review by and before the OIC. Applicant-Intervenors maintain that because Premera is a major health insurer in Alaska, and Alaska's interests are not adequately represented by OIC, a thorough and fair review cannot be had unless the Applicant-Intervenors are given the opportunity to fully participate in the process.

Inclusion of the Applicant-Intervenors as intervenors in this proceeding will not unduly burden the process nor unduly prejudice Premera's interest in obtaining a speedy decision. Moreover, the Applicant-Intervenors will be commissioning a study of the health impact of the proposed transaction on Alaskans, specifically, rural Alaskans. The Applicant-Intervenors maintain that such a study is critical to the OIC's assessment of whether the proposed conversion

is truly in the public's interest and that such a study currently is not being conducted by Premera or OIC.

#### **IV. CONCLUSION**

The proposed conversion of Premera Blue Cross raises numerous issues for its insureds in Alaska and for Alaskan citizens in general. There need to be representative voices from Alaska in this proceeding, to ensure that those interests are protected. Accordingly, the Applicant-Intervenors request an order permitting them to intervene in this matter.

DATE: November 26, 2002.

Respectfully submitted by:

By \_\_\_\_\_  
James J. Davis, Alaska Bar # 9412140  
6220 Far Point Drive, Anchorage, AK 99507  
Attorney for Applicant-Intervenor, United Way  
of Anchorage

By \_\_\_\_\_  
ALASKA LEGAL SERVICES CORPORATION  
James J. Davis, Alaska Bar # 9412140  
Amy McCullough, Rule 43 Waiver  
Attorneys for Applicant-Intervenors, John Garner  
and Anchorage Neighborhood Health Center